

AMENDED IN ASSEMBLY AUGUST 22, 2014

SENATE BILL

No. 879

Introduced by Committee on Budget and Fiscal Review

January 9, 2014

An act ~~relating to the Budget Act of 2014~~, to add Sections 12440.6 and 12440.7 to the Government Code, relating to state employees, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2014~~. State employees: memoranda of understanding.

Existing law provides that a provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions of memoranda of understanding entered into between the state employer and State Bargaining Unit 2, the California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment, on August 14, 2014, and State Bargaining Unit 10, the California Association of Professional Scientists, on August 12, 2014, that require the expenditure of funds, and would provide that these provisions will become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.

The bill would prohibit provisions of the memorandum of understanding approved by this bill that authorize the expenditure of funds from taking effect unless funds for those provisions are specifically

appropriated by the Legislature, and would authorize the state employer and the affected employee organization to reopen negotiations on all or part of the memorandum of understanding if those provisions are not approved or fully funded by the Legislature.

The bill would appropriate funds for expenditure in the 2014–15 fiscal year in augmentation of, and for the purpose of, state employee compensation, as provided in the Budget Act of 2014, in accordance with a specified schedule, from the General Fund, unallocated special funds, and other unallocated nongovernmental cost funds. The bill would also appropriate to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, in the amount necessary for the payment of compensation and employee benefits to state employees for work performed between July 1 and the enactment of the Budget Act in the 2015–16 and 2016–17 fiscal years if the Budget Act is not enacted on or before July 1 in those fiscal years.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2014.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares that the
2 purpose of this act is to approve two agreements pursuant to
3 Section 3517.5 of the Government Code entered into by the state
4 employer and State Bargaining Units 2 and 10.
5 SEC. 2. Notwithstanding the Budget Act of 2014 (Chapter 25
6 of the Statutes of 2014), Provision 7 of Item 9800-001-0001 and
7 Provision 8 of Items 9800-001-0494 and 9800-001-0988, the
8 provisions of the memoranda of understanding prepared pursuant
9 to Section 3517.5 of the Government Code and entered into by the
10 state employer and State Bargaining Unit 2 dated August 14, 2014,
11 and State Bargaining Unit 10 dated August 12, 2014, and that
12 require the expenditure of funds are hereby approved for the
13 purposes of subdivision (b) of Section 3517.6 of the Government
14 Code.

1 *SEC. 3. The provisions of the memoranda of understanding*
2 *approved in Section 2 of this act that are scheduled to take effect*
3 *on or after July 1, 2014, and that require the expenditure of funds,*
4 *shall not take effect unless funds for those provisions are*
5 *specifically appropriated by the Legislature. If the Legislature*
6 *does not approve or fully fund any provision of a memorandum of*
7 *understanding approved in Section 2 of this act that requires the*
8 *expenditure of funds, either party to the memorandum may reopen*
9 *negotiations on all or part of the memorandum of understanding.*

10 *SEC. 4. Notwithstanding Section 3517.6 of the Government*
11 *Code, the provisions of the memoranda of understanding approved*
12 *in Section 2 that require the expenditure of funds shall become*
13 *effective even if the provisions of the memoranda of understanding*
14 *are approved by the Legislature in legislation other than the annual*
15 *Budget Act.*

16 *SEC. 5. (a) The sum of twelve million six hundred twenty-nine*
17 *thousand dollars (\$12,629,000) is hereby appropriated for State*
18 *Bargaining Unit 2 for expenditure in the 2014–15 fiscal year in*
19 *augmentation of, and for the purpose of, state employee*
20 *compensation, as provided in Items 9800-001-0001,*
21 *9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget*
22 *Act of 2014 (Chapter 25 of the Statutes of 2014), in accordance*
23 *with the following schedule:*

24 *(1) Three million three hundred forty thousand dollars*
25 *(\$3,340,000) from the General Fund in augmentation of Item*
26 *9800-001-0001.*

27 *(2) Six million two hundred twenty-four thousand dollars*
28 *(\$6,224,000) from unallocated special funds in augmentation of*
29 *Item 9800-001-0494.*

30 *(3) Three million sixty-five thousand dollars (\$3,065,000) from*
31 *other unallocated nongovernmental cost funds in augmentation*
32 *of Item 9800-001-0988.*

33 *(b) The sum of three million one hundred twenty-four thousand*
34 *dollars (\$3,124,000) is hereby appropriated for State Bargaining*
35 *Unit 10 for expenditure in the 2014–15 fiscal year in augmentation*
36 *of, and for the purpose of, state employee compensation, as*
37 *provided in Items 9800-001-0001, 9800-001-0494, and*
38 *9800-001-0988 of Section 2.0 of the Budget Act of 2014 (Chapter*
39 *25 of the Statutes of 2014), in accordance with the following*
40 *schedule:*

1 (1) Five hundred sixty-one thousand dollars (\$561,000) from
2 the General Fund in augmentation of Item 9800-001-0001.

3 (2) One million seven hundred seventeen thousand dollars
4 (\$1,717,000) from unallocated special funds in augmentation of
5 Item 9800-001-0494.

6 (3) Eight hundred forty-six thousand dollars (\$846,000) from
7 other unallocated nongovernmental cost funds in augmentation
8 of Item 9800-001-0988.

9 SEC. 6. Section 12440.6 is added to the Government Code, to
10 read:

11 12440.6. (a) Notwithstanding Section 13340, for the 2015–16
12 fiscal year, if the Budget Act of 2015 is not enacted on or before
13 July 1, 2015, for the memoranda of understanding entered into
14 between the state employer and State Bargaining Unit 2 (effective
15 July 1, 2013, to July 1, 2016, inclusive) and State Bargaining Unit
16 10 (effective July 2, 2013, to July 1, 2015, inclusive), there is
17 hereby continuously appropriated to the Controller from the
18 General Fund, unallocated special funds, including, but not limited
19 to, federal funds and unallocated nongovernmental cost funds,
20 and any other fund from which state employees are compensated,
21 the amount necessary for the payment of compensation and
22 employee benefits to state employees covered by the above
23 memoranda of understanding until the Budget Act of 2015 is
24 enacted. The Controller may expend an amount no greater than
25 necessary to enable the Controller to compensate state employees
26 covered by the above memoranda of understanding for work
27 performed between July 1, 2015, of the 2015–16 fiscal year, and
28 the enactment of the Budget Act of 2015.

29 (b) If the memoranda of understanding entered into between
30 the state employer and State Bargaining Unit 2 (effective July 1,
31 2013, to July 1, 2016, inclusive) and State Bargaining Unit 10
32 (effective July 2, 2013, to July 1, 2015, inclusive) are in effect and
33 approved by the Legislature, the compensation and contribution
34 for employee benefits for state employees represented by these
35 bargaining units shall be at a rate consistent with the applicable
36 memorandum of understanding referenced above.

37 (c) Expenditures related to any warrant drawn pursuant to
38 subdivision (a) are not augmentations to the expenditure authority
39 of a department. Upon the enactment of the Budget Act of 2015,

these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2015 for each affected department.

(d) This section shall only apply to an employee covered by the terms of State Bargaining Unit 2 (effective July 1, 2013, to July 1, 2016, inclusive) and State Bargaining Unit 10 (effective July 2, 2013, to July 1, 2015, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the terms of the memoranda of understanding have expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 2 expires on July 1, 2016, and the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2015.

SEC. 7. Section 12440.7 is added to the Government Code, to read:

12440.7. (a) Notwithstanding Section 13340, for the 2016–17 fiscal year, if the Budget Act of 2016 is not enacted on or before July 1, 2016, for the memorandum of understanding entered into between the state employer and State Bargaining Unit 2 (effective July 1, 2013, to July 1, 2016, inclusive), there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above memorandum of understanding until the Budget Act of 2016 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memorandum of understanding for work performed before July 1, 2016, of the 2016–17 fiscal year.

(b) If the memorandum of understanding entered into between the state employer and State Bargaining Unit 2 (effective July 1, 2013, to July 1, 2016, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by this bargaining unit shall be at a rate consistent with the applicable memorandum of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2016,

1 *these expenditures shall be subsumed by the expenditure authority*
2 *approved in the Budget Act of 2016 for each affected department.*

3 *(d) This section shall only apply to an employee covered by the*
4 *term of the State Bargaining Unit 2 (effective July 1, 2013, to July*
5 *1, 2016, inclusive) memorandum of understanding.*
6 *Notwithstanding Section 3517.8, this section shall not apply after*
7 *the term of the memorandum of understanding has expired. For*
8 *purposes of this section, the memorandum of understanding for*
9 *State Bargaining Unit 2 expires on July 1, 2016.*

10 *SEC. 8. This act is an urgency statute necessary for the*
11 *immediate preservation of the public peace, health, or safety within*
12 *the meaning of Article IV of the Constitution and shall go into*
13 *immediate effect. The facts constituting the necessity are:*

14 *In order for the provisions of this act to be applicable as soon*
15 *as possible in the 2014–15 fiscal year, and thereby facilitate the*
16 *orderly administration of state government at the earliest possible*
17 *time, it is necessary for this act to take effect immediately.*

18 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
19 ~~changes relating to the Budget Act of 2014.~~